

Saint Mary's Center

ST. Joseph Health System

## Single Audit Reports

DATE RECEIVED:



AUDIT REVIEW #(s) 04959

Assigned To: Price

Date Reviewed: 7/27/09

Reviewer's Initials: HP

Date Review(s) Completed: 7/28/09

## Report on Internal Control Over Financial Reporting and on Compliance with Requirements of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Trustees  
St. Joseph Health System and Affiliates

We have audited the consolidated financial statements of St. Joseph Health System and Affiliates (the Health System) as of and for the year ended June 30, 2008, and have issued our report thereon dated September 8, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### ***Internal control over financial reporting***

In planning and performing our audit, we considered the Health System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Health System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Health System's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not intended to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### ***Compliance and other matters***

As part of obtaining reasonable assurance about whether the Health System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of trustees, management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

*Ernst & Young LLP*

September 8, 2008

AUDITED CONSOLIDATED FINANCIAL  
STATEMENTS  
AND SINGLE AUDIT REPORTS

St. Joseph Health System and Affiliates,  
A St. Joseph Health Ministry Corporation  
Years Ended June 30, 2008 and 2007  
With Report of Independent Auditors

## Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Board of Trustees  
St. Joseph Health System and Affiliates

### Compliance

We have audited the compliance of St. Joseph Health System and Affiliates (the Health System) with the types of compliance requirements described in the US Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* for the year ended June 30, 2008. The requirements are identified in the summary of auditor's results, findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Health System's management. Our responsibility is to express an opinion on the Health System's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Health System's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Health System's compliance with those requirements.

In our opinion, the Health System complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our audit procedures disclosed two instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 08-01 and 08-02.

### *Internal control over compliance*

The management of the Health System is responsible for establishing and maintaining effective internal control over compliance with the requirements applicable to federal programs. In planning and performing our audit, we considered the Health System's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Health System's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be significant deficiency.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 08-01 and 08-02 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider the deficiencies described in the accompanying schedule of findings and questioned costs to be a material weakness.

The Health System's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Health System's response and, accordingly, we express no opinion on its effectiveness.

This report is intended solely for the information and use of management, board of trustees, pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Ernst & Young LLP

March 4, 2009

## Supplemental Information

St. Joseph Health System  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2008

Federal Grantor/Pass Through Grantor/Program Title/Project Title	Pass-Through Agency Identifying Number	CFDA Number	Federal Expenditures
<b>U.S. Department of Homeland Security</b>			
Public Assistance Grants	N/A	97.036	\$ 220,943
<b>Total U.S. Department of Homeland Security</b>			<u>220,943</u>
<b>U.S. Department of Health and Human Services</b>			
National Institute of Health			
Cancer Treatment Research	N/A	93.395	63,539
Cancer Treatment Research	N/A	93.395	49,225
Cardiovascular Diseases Research	N/A	93.837	7,900
Cardiovascular Diseases Research	N/A	93.837	10,290
Cancer Control	N/A	93.399	221,400
<b>Total National Institute of Health</b>			<u>352,354</u>
NCI Frederick Operations & Technical Support (Prime Contract)	N/A	93.N01-CO-12400	149,013
<b>Administration on Aging</b>			<u>20,090</u>
<b>Health Resources and Services Administration</b>			
Promoting Safe and Stable Families	N/A	93.556	18,487
HIV Care Formula Grants	N/A	93.917	158,780
Pass through County of Orange			
National Family Caregiver Support, Title III, Part E	FC 0204-22	93.052	816,409
<b>Total U.S. Department of Health and Human Services</b>			<u>1,515,133</u>
<b>U. S. Department of Education</b>			
Student Financial Assistance Cluster	N/A	84.063	287,699
Federal Pell Grant Program	N/A	84.007	7,805
Federal Supplemental Educational Opportunity Grants	N/A	84.032	1,304,826
Federal Family Education Loans			<u>1,600,330</u>
<b>Total Student Financial Assistance Cluster</b>			<u>1,600,330</u>
<b>Total U. S. Department of Education</b>			<u>1,600,330</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 3,336,406</u>



# St. Joseph Health System and Affiliates

## Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2008

Note 1: Federal awards expended are reported on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States as described in the Notes to Consolidated Financial Statements.

Note 2: During the fiscal year ended June 30, 2008, the Health System processed the following amount of new loans under the Federal Family Education Loan Program (which includes the Stafford Loan and PLUS loan) and the Direct Loan program. Since these loan programs are administered by outside financial institutions, new loans made in the fiscal year ended June 30, 2008 relating to these programs are considered current year federal expenditures, whereas the outstanding loan balances are not. The new loans made in the fiscal year ended June 30, 2008 are reported in the Schedule of Expenditures of Federal Awards.

<u>CFDA Number</u>		<u>Loan Expenditures for Fiscal Year Ended June 30, 2008</u>
84.032	Stafford Loan Program	\$ 628,108
84.032	Unsubsidized Stafford Loan Program	608,418
84.032	PLUS	68,300
		<u>\$ 1,304,826</u>

St. Joseph Health System  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2008

**Part I—Summary of auditor's results**

**Financial statements section**

Type of auditor's report issued (unqualified, qualified, adverse or disclaimer):

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes        X   no

Significant deficiency(ies) identified that are not considered to be material weaknesses?

\_\_\_\_\_ yes        X   none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes        X   no

**Federal awards section**

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ yes        X   no

Significant deficiency(ies) identified that are not considered to be material weaknesses?

  X   yes      \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for major programs (unqualified, qualified, adverse or disclaimer):

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?

  X   yes      \_\_\_\_\_ no

St. Joseph Health System and Affiliates

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2008

**Part I—Summary of auditor's results (continued)**

Identification of major programs:

<u>CFDA number(s)</u>	<u>Name of federal program or cluster</u>
84.007, 84.032, 84.063	Student Financial Assistance Cluster
93.052	National Family Caregiver Support, Title III, Part E
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?	<u>X</u> <b>yes</b> <u>     </u> <b>no</b>

St. Joseph Health System and Affiliates

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2008

**Part II—Financial statement findings section**

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* require reporting in a Circular A-133 audit.

No such items.

**Part III—Federal award findings and questioned costs section**

This section identifies the audit findings required to be reported by Circular A-133 section 510(a) (for example, material weaknesses, significant deficiencies and material instances of noncompliance, including questioned costs), as well as any abuse findings involving federal awards that are material to a major program.

**Finding 08-01**

Federal program information:

CFDA # 93.052, National Family Caregiver Support Program, Title III, Part E  
Grant Number 96 – Award period July 1, 2007 through June 30, 2008

Criteria or specific requirement (including statutory, regulatory or other citation):

Recipients of Federal awards shall comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs (OMB Circular A-133, Section 300(c)).  
According to the Reporting compliance requirements under OMB Circular A-133, *Performance Reporting*: Recipients shall submit performance reports at least annually but not more frequently than quarterly. Performance reports generally contain, for each award, brief information of the following types:

St. Joseph Health System and Affiliates

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2008

Condition:

1. comparison of actual accomplishments with the goals and objectives established for the period.
2. reasons why established goals were not met, if appropriate.
3. other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

- (1) Per review of supporting documents, we noted that there is no indication of review and/or approval process of the reports that were submitted to the County of Orange along with the report on Expenditures for the month.
- (2) During our testwork, we noted that the supporting documents for the quarterly service reports had over (under) reported variances in statistical numbers for the majority of the services.

Questioned costs:

None

Context:

- (1) For five out of the seven reports tested, we noted that there was no evidence of review and approval.
- (2) Out of the total seven reports tested, we noted that two monthly reports and two quarterly service reports included under (over) reported variance on the statistical numbers.

Effect:

The Health System is not in compliance with the Reporting compliance requirements.

St. Joseph Health System and Affiliates

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2008

Cause:

The cause of the finding is a result of ineffective internal control over reporting to ensure the completeness and accuracy of the service reports.

Recommendation:

We recommend that the Health System change the design of the internal control to ensure that complete and accurate information is properly and timely reviewed for monthly and quarterly service reporting. We also recommend that review documentation be retained and maintained as evidence.

Views of responsible officials and planned corrective actions:

CRC has reformulated the log sheets and the database to better and more efficiently track the FCSP service Units. The log sheets are reviewed by the clinical supervisor before submission and entry. The data entry staff enters the log sheets and produces a report that will match each log sheet. The original and matching log sheets are compared and reviewed by the FCSP coordinator. The monthly report reflects the total of the individual matching reports and can be checked & reviewed manually. The individual & matching log sheet and the summary monthly report are printed and kept as part of the back-up documentation.

The completed monthly report is reviewed by the Director before submission to the Office on Aging with the claim.

St. Joseph Health System and Affiliates

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2008

**Finding 08-02**

**Procurement and suspension and debarment requirements**

Federal program information:

CFDA # 3.052, National Family Caregiver Support Program, Title III, Part E

Grant # 1.96 – Award period July 1, 2007 through June 30, 2008

Criteria or specific requirement (including statutory, regulatory or other citation):

Based on the grant agreement Section 52 – Prohibitions on use of Funds / Conflict of Interest, contractor shall not use monies provided under this contract to pay or reimburse any staff person of contractor or any consultant to contractor, if such staff person or consultant is a member of the Board of Directors, or other official governing body of contractor.

Furthermore, OMB Circular A-133 Section 300b requires non-federal entities receiving federal awards to “maintain internal control over federal programs that provide reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on each of its federal programs.”

Condition:

During conflict of interest procedures, we noted that one key employee of the program sat on a committee board for a sub-contracted vendor. We also noted this finding in the prior year audit.

Questioned costs:

None noted.

# St. Joseph Health System and Affiliates

## Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2008

### Context:

During conflict of interest procedures, we noted that one key employee of the program sat on a committee board for a sub-contracted vendor.

### Effect:

Sitting on the board of sub-contracted vendors poses dependence risks both in fact and appearance. Preferential treatment could be provided to vendors with these relationships. Additionally, such relationships increase the opportunities for perpetrating fraud.

### Cause:

One key member of the federal program sat on a committee board for a sub-contracted vendor.

### Recommendation:

Employees of the program should not sit on the boards of sub-contracted vendors. Conflict of interest statements should be updated regularly to ensure that conflict of interest issues do not arise.

### Views of responsible officials and planned corrective actions:

Employee of the program who sits on the boards of sub-contracted vendors left the board effective March 1, 2008. His position on the board has been of advisory capacity only. He has remained another year (FY2008) to assist the organization during the major transitions, the merging with another organization as well as acquiring a new CEO. There is a Policy on Conflict of Interest and a form that is mandatory for all Health System employees to fill out and submit to Compliance.



St. Joseph Health System and Affiliates  
Summary Schedule of Prior Years Audit Findings  
Year Ended June 30, 2008

07-01

Federal program information :

CFDA 93.052 National Family Caregiver  
Support  
  
Award number: 96  
  
Award year: July 1, 2006 through June 30, 2007

Condition:

The Monthly Request for Check Reports had understated the monthly expenditures. Ernst & Young (E&Y) noted that payroll rates were not updated, two-month fringe benefits were not reported, and there were employees that were charged to the Family Caregiver Support Program (FCSP) but were not reported. There were formula errors on Respite and Supplemental costs which also resulted in an overstatement of Administrative Costs. In addition, there was lack of supporting documentation on the calculation of the Matching-Cash (Revenue) amounts. Based on EY's recalculations of the 12 monthly reports, we determined that \$5,242.75 is the net total under reported amount for FY2007. The net total under reported amount of \$5,242.75 consists of the 2-months unreported fringe benefits of \$12,546.00, under reported payroll adjustment of \$1,173.69 and overstated administrative costs of \$8,476.89 due to formula errors (from Sep 06 - Jun 07) under Respite and Supplemental services. In addition, we estimated that the Health System had an additional \$10,600.78 of under reported reimbursable payroll costs because the Health System had used outdated payroll records in their submission for reimbursement.

St. Joseph Health System and Affiliates

Summary Schedule of Prior Years Audit Findings (continued)

Year Ended June 30, 2008

Questioned costs:

\$ 15,845

Current Year Status:

The Health System implemented changes to the worksheets and procedures as indicated in the corrective action plan from the prior year. Requests for checks are reviewed by two management or supervisory level staff and in specific cases reviewed additionally by the VP of Community Programs (e.g. Check Requests for Community Partners, requests for staff claims such as mileage and travel expenses and any requests that are over \$1000.00). We noted no findings in 2008 related to this item.

07-02

Federal program information :

CFDA #3.052 National Family Caregiver Support  
Award Number: 96  
Award Year: July 1, 2006 through June 30, 2007

Condition:

During conflict of interest procedures, we noted that one key employee of the program sat on a committee board for a sub-contracted vendor.

Questioned costs:

None noted

Current Year Status:

The Health System confirmed that the individual is no longer on the board as of June 30, 2008.

# St. Joseph Health System and Affiliates

## Summary Schedule of Prior Years Audit Findings (continued)

Year Ended June 30, 2008

06-01

Federal program information :

CFDA # 93.052 National Family Caregiver  
Support

Award number: 96

Award year: July 1, 2005 through June 30, 2006

Condition:

We selected 25 disbursements totaling \$39,482 from a population of \$989,210 total expenditures. We noted the following findings:

- One item claimed for reimbursement during the 2005/2006 fiscal year, was actually incurred in the 2004/2005 fiscal-year and therefore, not within the period of availability of the grant. The amount of this questioned cost was \$486.
- One selected item was for mileage reimbursement. We noted that the agreed upon reimbursable rate is up to \$0.34 per mile however, the Health System reimburses at a higher rate of \$0.445 per mile. The Health System's policy is to use the difference in these two amounts as a match contribution. However, we noted that the Health System claimed the full mileage amount of \$0.445 for reimbursement. As a result, they obtained reimbursement for costs that were not defined as allowable. Based on further analysis, we noted the Health System obtained reimbursement for a total of \$589 in questioned costs during the year.
- For one of the payroll related selections, the Health System was unable to provide supporting documents (i.e. time sheet or time

# St. Joseph Health System and Affiliates

## Summary Schedule of Prior Years Audit Findings (continued)

Year Ended June 30, 2008

card with review/approval) for the pay-period ending April 8, 2006. The expenditure claimed for reimbursement and the resultant questioned costs were \$1,295.	
<ul style="list-style-type: none"> <li>Our review of the time card for one of the payroll related selections, indicated a total of 18 hours worked towards the program for the bi-weekly period. However, per review of the reimbursement request, we noted that 48 hours were erroneously claimed, resulting in an overcharge of 30 hours. Based on the pay-rate this 30 hours equated to an overstatement of the Health System's match contribution by \$1,077.</li> </ul>	

Questioned costs:

\$3,447

Current Year Status:

The Health System implemented procedures to ensure that only items expended during the allowable period are claimed. The Health System also instituted a policy of invoice review, reviewed the policy of the matching component of its reports and ensured all time cards are completed and placed in the monthly claim file. We noted no findings in 2007 or 2008 related to these items.

St. Joseph Health System and Affiliates

Summary Schedule of Prior Years Audit Findings (continued)

Year Ended June 30, 2008

06-02

Federal program information :

CFDA 93.052 National Family Caregiver  
Support  
  
Award Number: 96  
  
Award Year: July 1, 2005 through June 30, 2006

Condition:

In conjunction with our testing of indirect costs, we noted ten of the twelve check requests for monthly rent were photocopies of the original signed check request, thus circumnavigating the review and approval control.

Questioned costs:

N/A

Current Year Status:

The Health System implemented clearer segregation of duties to provide better oversight, control and to minimize the opportunity for fraud. We noted no findings in 2007 or 2008 related to these items.

06-03

Federal program information :

CFDA 93.052 National Family Caregiver  
Support  
  
Award Number: 96  
  
Award Year: July 1, 2005 through June 30, 2006

Condition:

The Health System did not conduct a formal inventory of its equipment purchased with federal funds every two years, as required by the grant agreement.

St. Joseph Health System and Affiliates  
Summary Schedule of Prior Years Audit Findings (continued)  
Year Ended June 30, 2008

Questioned costs:

N/A

Current Year Status:

The Health System instituted an annual equipment inventory which was tested as part of our audit procedures. We noted no findings in 2007 or 2008 related to this item.

**06-04**

Federal program information :

CFDA 93.052 National Family Caregiver Support  
Award number: 96  
Award year: July 1, 2005 through June 30, 2006

Condition:

During conflict of interest procedures, we noted that two key employees of the program sat on committees for sub-contracted vendors.

Questioned costs:

N/A

Current Year Status:

The identified conflict of interests was addressed with the corresponding individuals. We noted additional findings in 2007 related to this item. See 06-02 described above. We noted no additional findings in 2008 related to this item.

St. Joseph Health System and Affiliates  
Summary Schedule of Prior Years Audit Findings (continued)  
Year Ended June 30, 2008

06-05

Federal program information :

CFDA 93.052 National Family Caregiver  
Support  
Award Number: 96  
Award Year: July 1, 2005 through June 30, 2006

Condition:

The Health System was unable to provide a reconciliation to recalculate the required county monthly, quarterly and annual agency statistical reports. As such, we were unable to agree the final reports to the underlying data. Furthermore, we noted the reports are not reviewed and approved by a supervisor.

Questioned costs:

N/A

Current Year Status:

We noted additional findings in 2007 related to this item. See item 07-01 described above. We also noted additional findings in 2008 related to this item. See 08-01 described above.



**CALIFORNIA EMERGENCY MANAGEMENT AGENCY**  
**LOCAL ASSISTANCE MONITORING BRANCH**  
 3650 SCHRIEVER AVENUE  
 MATHER, CALIFORNIA 95655  
 PHONE: (916) 845-8120 FAX: (916) 845-8380

July 9, 2009

EDWARD  
 WONG

Mr. Jason Barker  
 Chief Financial Officer  
 St. Mary Medical Center  
 18300 Highway 18  
 Apple Valley, CA 92307

SUBJECT: SINGLE AUDIT REPORT FOR THE PERIOD ENDED JUNE 30, 2008  
 FIPS #071-90301

Dear Mr. Barker:

Since the California Emergency Management Agency (CalEMA) (formerly the Governor's Office of Emergency Services (OES)) is subject to the requirements of the California State Auditor's Circular A-133, Audits of States, Local Governments and Nonprofit Organizations, the CalEMA is required to monitor its subrecipients of federal awards to determine whether they have met the audit requirements of the Circular. The Circular specifically requires non-federal entities that expend \$500,000 or more in a year in federal awards to have either an annual single or program-specific audit, and that the audit report be submitted within nine months after the end of the audit period.

To date, an audit report for your organization for the year ended June 30, 2008 has not been received by the CalEMA. Accordingly, the CalEMA is requesting that you check one of the following options listed below, and return a signed copy of this letter to the above address within 30 days of its date, along with all appropriate documentation regarding your organization's compliance with the audit requirement. If findings were noted in your audit report, please include a summary of your management responses and corrective actions taken. In addition, please submit a copy of any separate letter to management mentioned in the audit report(s) ended.

<input checked="" type="checkbox"/>	We have completed our A-133 audit for fiscal year(s) ended <u>JUNE 30, 2008</u> . A copy of the audit report(s) is enclosed.
<input checked="" type="checkbox"/>	We expect our A-133 audit for fiscal year(s) ended <u>12/31/09</u> will be completed by <u>6/30/09</u> . A copy of our audit report(s) along with our management responses and corrective actions taken related to any findings will be forwarded to the CalEMA within 30 days of receipt of the report.
<input type="checkbox"/>	We are not subject to A-133 audit because: _____ We are a for-profit organization _____ We expend less than \$500,000 in federal awards annually _____ We are a component entity of the following organization and included in its A-133 audit: _____ _____ Other (please explain) _____ _____



Audit #04959